

HB0176



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB0176

Introduced 1/19/2007, by Rep. Jim Watson

SYNOPSIS AS INTRODUCED:

20 ILCS 3501/830-50

Amends the Illinois Development Finance Authority Act. Provides that specialized livestock operations include livestock operations using anaerobic digestors to generate electricity for the purposes of a Section providing certain financing benefits to livestock operations.

LRB095 03786 HLH 23816 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Finance Authority Act is amended by
5 changing Section 830-50 as follows:

6 (20 ILCS 3501/830-50)

7 Sec. 830-50. Specialized Livestock Guarantee Program.

8 (a) The Authority is authorized to issue State Guarantees
9 to lenders for loans to finance or refinance debts for
10 specialized livestock operations that are or will be located in
11 Illinois. For purposes of this Section, a "specialized
12 livestock operation" includes, but is not limited to, dairy,
13 beef, and swine enterprises. For purposes of this Section, a
14 specialized livestock operation also includes livestock
15 operations using anaerobic digestors to generate electricity.

16 (b) Lenders shall apply for the State Guarantees on forms
17 provided by the Authority and certify that the application and
18 any other documents submitted are true and correct. The lender
19 or borrower, or both in combination, shall pay an
20 administrative fee as determined by the Authority. The
21 applicant shall be responsible for paying any fee or charge
22 involved in recording mortgages, releases, financing
23 statements, insurance for secondary market issues, and any

1 other similar fee or charge that the Authority may require. The
2 application shall, at a minimum, contain the farmer's name,
3 address, present credit and financial information, including
4 cash flow statements, financial statements, balance sheets,
5 and any other information pertinent to the application, and the
6 collateral to be used to secure the State Guarantee. In
7 addition, the borrower must certify to the Authority that, at
8 the time the State Guarantee is provided, the borrower will not
9 be delinquent in the repayment of any debt. The lender must
10 agree to charge a fixed or adjustable interest rate that the
11 Authority determines to be below the market rate of interest
12 generally available to the borrower. If both the lender and
13 applicant agree, the interest rate on the State guaranteed loan
14 can be converted to a fixed interest rate at any time during
15 the term of the loan.

16 (c) State Guarantees provided under this Section (i) shall
17 not exceed \$1,000,000 per applicant, (ii) shall be no longer
18 than 15 years in duration, and (iii) shall be subject to an
19 annual review and renewal by the lender and the Authority. An
20 applicant may use this program more than once, provided that
21 the aggregate principal amount of State Guarantees under this
22 Section to that applicant does not exceed \$1,000,000. A State
23 Guarantee shall not be revoked by the Authority without a
24 90-day notice, in writing, to all parties.

25 (d) The Authority shall provide or renew a State Guarantee
26 to a lender if: (i) The lender pays a fee equal to 25 basis

1 points on the loan to the Authority on an annual basis. (ii)
2 The application provides collateral acceptable to the
3 Authority that is at least equal to the State Guarantee. (iii)
4 The lender assumes all responsibility and costs for pursuing
5 legal action on collecting any loan that is delinquent or in
6 default. (iv) The lender is at risk for the first 15% of the
7 outstanding principal of the note for which the State Guarantee
8 is provided.

9 (e) The Illinois Farmer and Agribusiness Loan Guarantee
10 Fund may be used to secure State Guarantees issued under this
11 Section as provided in Section 830-35.

12 (f) Notwithstanding the provisions of this Section 830-50
13 with respect to the specialized livestock operations and
14 lenders who may obtain State Guarantees, the Authority may
15 promulgate rules establishing the eligibility of specialized
16 livestock operations and lenders to participate in the State
17 Guarantee program and the terms, standards, and procedures that
18 will apply, when the Authority finds that emergency conditions
19 in Illinois agriculture have created the need for State
20 Guarantees pursuant to terms, standards, and procedures other
21 than those specified in this Section.

22 (Source: P.A. 93-205, eff. 1-1-04.)